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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U 338-E) for Approval of Contracts
Resulting From Its 2014 Energy Storage Request
for Offers (ES RFO).

A1512003 Application No. 15-12-XXX

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR
APPROVAL OF CONTRACTS RESULTING FROM ITS 2014 ENERGY STORAGE
REQUEST FOR OFFERS (ES RFO)**

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Dated: **December 1, 2015**

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Application of Southern California Edison
Company (U 338-E) for Approval of Contracts
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**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR
APPROVAL OF CONTRACTS RESULTING FROM ITS 2014 ENERGY STORAGE
REQUEST FOR OFFERS (ES RFO)**

Pursuant to Rules 1 and 2 of the California Public Utilities Commission’s (“Commission” or “CPUC”) Rules of Practice and Procedure, Sections 701 and 702 of the Public Utilities Code, and Decisions (“D.”) 13-10-040 and 14-10-045, Southern California Edison Company (“SCE”) submits this Application for Approval of Contracts Resulting from its 2014 Energy Storage Request for Offers (“Application”). Concurrently with the filing of this Application, SCE is serving Testimony in support of this Application organized in two volumes including related appendices.

I.

INTRODUCTION

On December 16, 2010, the Commission opened Rulemaking (“R.”) 10-12-007 to implement the provisions of Assembly Bill (“AB”) 2514 (Stats. 2010, ch. 469).¹ AB 2514

¹ Public Utilities Code Section 2836 *et seq.*

required the Commission to determine appropriate targets, if any, for each load-serving entity (“LSE”) as defined by Section 380(j) of the Public Utilities Code to procure viable and cost-effective energy storage systems by October 2013.

Consistent with AB 2514, the Commission issued D.13-10-040 on October 21, 2013, which adopted the Energy Storage Procurement Framework and Design Program (the “Energy Storage Program”).² The Energy Storage Program requires the three large investor-owned utilities (“IOUs”) – SCE, San Diego Gas & Electric Company (“SDG&E”), and Pacific Gas & Electric Company (“PG&E”) – in California to procure 1,325 MW of storage capacity by 2020.³ SCE’s share of the 1,325 MW target is 580 MW, which is divided into the following biennial procurement targets: 90 MW in 2014; 120 MW in 2016; 160 MW in 2018; and 210 MW in 2020.⁴ The Commission directed each of the IOUs to file a procurement application containing a proposal for procuring energy storage resources on or before March 1, 2014 and to hold a solicitation for such procurement no later than December 1, 2014.⁵ Accordingly, SCE filed its application for approval of its Energy Storage Procurement Plan on February 28, 2014 and held its first energy storage Request for Offers (“ES RFO”) on December 1, 2014 in compliance with D.13-10-040.

On December 22, 2014, the Commission issued D.14-10-045, which approved SCE’s Energy Storage Procurement Plan with modifications.⁶ Specifically, D.14-10-045 authorized SCE to procure 16.3 MW or more of storage resources to meet its 2014 storage target⁷ and

² D.13-10-040 at 76 (Ordering Paragraph (“OP”) 1).

³ *Id.*, Appendix A, Energy Storage Procurement Framework and Design Program, at 1.

⁴ *Id.*, Appendix A, Energy Storage Procurement Framework and Design Program at 2. SCE’s 90 MW target for 2014 procurement cycle included 50 MW of transmission-connected storage, 30 MW of distribution-connected storage, and 10 MW of customer-connected storage.

⁵ *Id.* at 77 (OP 3).

⁶ D.14-10-045 at 118 (OP 1).

⁷ *Id.* D.14-10-045 authorized SCE to apply 50 MW of expected storage from its Local Capacity Requirements (“LCR”) RFO Application 14-11-012 to its 2014 storage target as either transmission-distribution or customer-connected. Additionally, D.14-10-045 allowed SCE to count existing projects, which amounted to 23.68 MW, towards its 2014 storage target. Thus, D.14-10-045 authorized SCE to procure 16.3 MW or more of storage resources to meet its 2014 storage target.

directed SCE and the other IOUs to submit an Application seeking approval of contracts for winning bids no later than one year from the date of the first solicitation.⁸ Additionally, the Commission directed SCE and the other IOUs to submit for Commission review and approval within their respective Applications a “Joint IOU Protocol” proposal for a Power Charge Indifference Adjustment (“PCIA”) methodology to determine the above-market stranded cost of bundled service storage along with signed contracts for the winning bids within one year of the December 1, 2014 energy storage solicitation.⁹

As set forth in the testimony accompanying this Application, SCE seeks Commission approval of two offers that resulted in the three contracts selected in the energy storage RFO for a total of 16.3 MW. SCE selected one offer from Stanton Energy Reliability Center, LLC (“Stanton Energy”) for 1.3 MW of General Electric (“GE”) sourced lithium-ion battery storage with a delivery period expected to begin on June 1, 2020 and end on May 31, 2030. Stanton Energy is a wholly-owned subsidiary of W Power, LLC, a California certified woman-and-minority owned business enterprise. SCE also selected one offer from Western Grid Development, LLC (“Western Grid”) for 15 MW of EOS sourced battery storage, which resulted in two contracts – one for 10 MW and one for 5 MW – with a delivery period expected to begin on January 1, 2020 and end on December 31, 2034.

Pursuant to D.14-10-045, SCE, SDG&E and PG&E developed the “Joint IOU Protocol,” in consultation with other affected parties, as presented in Appendix D to SCE’s testimony, to address how the PCIA methodology will quantify the above-market costs associated with generation function storage. The purpose of the “Joint IOU Protocol” is to ensure that the above-market costs of generation-function energy storage are recovered from those for whom the resources were procured.

⁸ *Id.* at 117 (Conclusion of Law (“COL”) 40).

⁹ *Id.* at 118 (OP 1).

SCE respectfully requests that the Commission approve the ES RFO, SCE's conduct with respect to the ES RFO, and the contracts selected through the ES RFO process as prudent and reasonable. Further, SCE respectfully requests that the Commission approve the "Joint IOU Protocol" proposal for a PCIA methodology to determine above-market stranded cost bundled service storage and apply the PCIA for the full term of the contracts selected through the ES RFO.

II.

ORGANIZATION OF SCE'S TESTIMONY

SCE's supporting "Testimony of Southern California Edison in Support of its Application for Approval of Contracts Resulting from its 2014 Energy Storage Request for Offers (ES RFO)," is organized in two volumes with eight chapters, including related appendices, as follows:

Chapter 1	Introduction and Background
Chapter 2	Storage RFO Solicitation Process Overview
Chapter 3	Storage RFO Participation
Chapter 4	Valuation Process
Chapter 5	Solicitation Results
Chapter 6	Role of IE and PRG
Chapter 7	CEP Reporting
Chapter 8	Cost Recovery and Revenue Allocation
Appendix A	Witness Qualifications and Confidentiality Declarations
Appendix B	Contracts
Appendix C	IE Report
Appendix D	Joint IOU Proposal on PCIA
Appendix E	CEP Spreadsheet Results
Appendix F	Solicitation Documents

III.

STATUTORY AND PROCEDURAL REQUIREMENTS

A. Statutory and Other Authority

SCE files this Application pursuant to Public Utilities Code sections 701 and 702, the Commission's Rules of Practice and Procedure, and Decisions 13-10-040 and 14-10-045. Specifically, SCE's Application complies with the Commission's Rules of Practice and Procedure 1.5 through 1.11 and 1.13, which specify the procedures for, among other things, filing documents. In addition, this Application complies with Rules 2.1 and 2.2 concerning the content of applications. As detailed above, this Application complies with Decisions 13-10-040 and 14-10-045, which require SCE to procure energy storage resources and file an Application with the Commission for approval of any contracts entered into as a result of the first ES RFO.

B. Legal Name and Principal Place of Business

The legal name of the applicant is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat, and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, substantially all of which are located within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business.

The location of SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California 91770, and its post office address and telephone number are:

Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Telephone: (626) 302-1212

C. Correspondence and Communications

Amber Dean Wyatt is the attorney on this matter. Correspondence or communications regarding this Application should be addressed to:

Amber Dean Wyatt
Senior Attorney
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To request a copy of this Application, please contact:

Regina Coburn, Administrative Assistant
Southern California Edison Company
Post Office Box 800
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D. Categorization, Hearings, and Issues To Be Considered

1. Proposed Category

SCE proposes that this proceeding be categorized as a “ratesetting” proceeding as defined in Rule 1.3(e) of the Commission’s Rules of Practice and Procedure and California Public Utilities Code Section 1701.1(c)(3). Additionally, Rule 1.7(e)(2) provides that if a proceeding does not clearly fit within one of the three established categories, the proceeding generally should be conducted under the rule for ratesetting proceedings.

SCE is not proposing specific rate increases at this time, but is seeking approval of all contracts entered into as a result of the ES RFO, including cost recovery for those contracts. SCE proposes to include in its annual Energy Resource Recovery Account (“ERRA”) Forecast proceeding a forecast of the costs of the resources procured through the ES RFO to be included

in rate for the following year. The costs of the ES resources that will be included in rates will be trued-up to their actual recorded costs through balancing accounts.

2. Need for Hearings

SCE's Application and supporting Testimony and appendices submitted herewith contain sufficient information and constitute a sufficient record for the Commission to rule on SCE's Application without the need for evidentiary hearings. SCE submits that all interested parties can comment and express their views in writing through protests and comments.

3. Proposed Schedule

SCE proposes the following schedule for this proceeding, which meets the requirements of Rules 2.1(c) and 2.6 of the Commission's Rules of Practice and Procedure to resolve ratesetting proceedings within eighteen months:

Application Filed	December 1, 2015
Daily Calendar Notice Appears	December 4, 2015
Protests and Responses Due	January 4, 2016
Reply to Protests and Responses Due	January 14, 2016
Prehearing Conference	January 28, 2016
Proposed Decision Mailed	May 2, 2016
Comments on Proposed Decision Due	May 23, 2016
Reply Comments Due	May 30, 2016
Commission Issues Final Decision	June 9, 2016

4. Issues to be Considered

The issues to be considered in connection with this Application are specified in SCE's Testimony, the Introduction in Section I above, and the Prayer for Relief set forth in Section IV below.

E. Articles of Incorporation

A copy of SCE's Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is incorporated herein by this reference pursuant to Rule 2.2 of the Commission's Rules of Practice and Procedure.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE's Certificate of Increase of Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect,

certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State, was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, and is by reference made a part hereof.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934 and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 14, 2014, pursuant to General Order Nos. 65-A and 104-A of the Commission.

F. Service

SCE has served a copy of this Application and a Notice of Availability of its supporting testimony on all parties to R.15-03-011 and R.10-12-007. SCE has also served a copy of this Application and its supporting testimony on the Commission.

IV.

PRAYER FOR RELIEF

SCE respectfully requests that the Commission:

1. Approve the Application in its entirety;
2. Approve the ES RFO, and SCE's conduct with respect to the ES RFO, as reasonable;

3. Approve the ES RFO contracts in their entirety;
4. Find the ES RFO contracts, and SCE's entry into them, reasonable and prudent for all purposes, and find that any payments to be made by SCE pursuant to the contracts are recoverable in full by SCE through the ERRR proceeding, subject only to SCE's prudent administration of the contracts;
5. Approve SCE, SDG&E, and PG&E's "Joint Investor Owned Utility (IOU) Protocol" proposal for a PCIA methodology to determine the above-market cost of bundled service storage;
6. Approve application of the PCIA for the life of the ES RFO contracts; and
7. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

WILLIAM V. WALSH
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/s/ Amber Wyatt

By: Amber Wyatt

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December 1, 2015

VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 30th day of November 2015 at Rosemead, California.

/s/ Colin Cushnie

By: Colin Cushnie
Vice President, Energy Procurement and Management
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